

Message Text

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PAGE 01 COLOMB 00928 160315Z
ACTION NEA-10

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FOR NEA/INS, THIBAUT

E.O. 11652: N/A
TAGS:PFOR, CE
SUBJECT: PRIME MINISTER'S STATEMENT ON GSL FOREIGN POLICY AND
ATTITUDE TOWARD PRIVATE INVESTMENT

REF: STATE 053406

1. SUMMARY. IN LENGTHY PRESS INTERVIEW, MUCH OF WHICH SOUNDED
LIKE IT HAD BEEN DRAFTED BY FINANCE MINISTER FELIX BANDARANAIKE,
PRIME MINISTER RESPONDED TO CRITICISMS LEVELED AGAINST
SLFP GOVERNMENT BY COMMUNIST PARTY AND OTHER RECENT DEFACTORS.
VERY LITTLE WAS SAID THAT HAS NOT BEEN SAID BEFORE. END SUMMARY.

2. THE ONLY REFERENCE TO FOREIGN POLICY IN THE PRIME
MINISTER'S LENGTHY INTERVIEW PUBLISHED IN MARCH 6 SUNDAY
OBSERVER WAS IN RESPONSE TO THE INTERVIEWER'S QUESTION ON
COMMUNIST PARTY (CP) ALLEGATIONS THAT AN "ANTI-SOCIALIST
TWIST" HAD BEEN GIVEN TO THE NON-ALIGNED SUMMIT BY RIGHT
WING FORCES. SHE POINTED OUT THAT THE MANY SOCIALIST
COUNTRIES WHICH HAD ATTENDED HAD PRAISED SRI LANKA'S ROLE
AND LEADERSHIP. THEN, GAVE VERBAL JAB AT CP LEADER
PIETER KEUNEMAN, SHE REFERRED TO STATEMENTS HE HAD MADE
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WHILE ABROAD WHICH WERE AT VARIANCE WITH NON-ALIGNED
POSITIONS AND SAID "IT MAY BE THAT THE CP WOULD HAVE BEEN
HAPPIER IF SRI LANKA, WHILE PROFESSING NON-ALIGNMENT,
IDENTIFIED ITS FOREIGN POLICY MORE CLOSELY WITH A
PARTICULAR POWER BLOC."

3. IN ANSWER TO A QUESTION ABOUT CP CRITICISM OF THE

SLFP'S FOREIGN INVESTMENT POLICY, PM SAID SRI LANKA, ALONG WITH OTHER LDCS, INCLUDING SOCIALIST COUNTRIES, NEEDS FOREIGN INVESTMENT AND TECHNICAL KNOW-HOW FOR ECONOMIC DEVELOPMENT, AND THIS GENERAL NEED IS REFLECTED IN THE NON-ALIGNED SUMMIT ECONOMIC DECLARATION. SHE

SPECIFICALLY MENTIONED VIETNAM'S EFFORTS TO ENCOURAGE FOREIGN INVESTMENT, AND NOTED THAT THE CP RAISED NO OBJECTIONS TO OFFSHORE OIL EXPLORATION BY "AMERICAN MULTINATIONALS" IN SRI LANKA. SHE POINTED OUT THAT 1972 WHITE PAPER SETTING FORTH THE PRESENT FOREIGN INVESTMENT POLICY WAS APPROVED BY THE LSSP AND THE CP. THE PM INDICATED FOREIGN INVESTMENT HAD NOT COME BECAUSE OF INSUFFICIENT ASSURANCES THAT INVESTORS WOULD BE ALLOWED ENOUGH TIME TO REPATRIATE CAPITAL AND DIVIDENDS. THE INVESTMENT GUARANTEE LAW WAS PROPOSED IN 1975 TO PROVIDE THESE ASSURANCES, BUT THE PM SAID THE LAW WOULD NOT BE ENACTED BEFORE THE ELECTIONS. DESPITE SRI LANKA'S NEED FOR FOREIGN INVESTMENT, THE PM SAID THE SLFP GOVERNMENT DID NOT FOLLOW AN "OPEN DOOR" POLICY AND WOULD ADMIT ONLY "THOSE WHOSE ASSISTANCE WE NEED, SAFEGUARDING OUR OWN NATIONAL INTEREST."

4. WHILE ABOVE IS BASICALLY RESTATEMENT OF OFFICIAL LINE WELCOMING FOREIGN INVESTMENT, IN EARLIER PART OF INTERVIEW PM DEFENDED "SOCIALIST ACHIEVEMENTS" OF SLFP BY POINTING TO LONG SERIES OF NATIONALIZATION AND STATING THAT POLICY OF NATIONALIZATION "WILL CONTINUE" WITH OR WITHOUT PARTICIPATION OF CP AND LIMITED OFFICIAL USE

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LSSP. SHE DID STATE, HOWEVER, THAT IT WAS SLFP POLICY "TO PAY COMPENSATION UPON NATIONALIZATION."

5. POLITICALLY, THE PM DID NOT HAVE MUCH TO SAY THAT HAD NOT BEEN SAID BEFORE. SHE DENOUNCED NANDA ELLAWALA AND HIS FELLOW DEFACTORS, USING HER STANDARD ARGUMENT THAT THEY HAD VOTED FOR AND SUPPORTED THE SAME THINGS THEY ARE NOW CRITICIZING IN HER GOVERNMENT. "IT WOULD SEEM THAT FOR THE PAST SEVEN YEARS THEY HAVE BEEN ACTIN AGAINST THEIR CONSCIENCE IN ORDER TO ENJOY THE ADVANTAGES OF BELONGING TO THE GOVERNING PARTY." SHE IMPLIED THAT THEY HAD DEFECTED BECAUSE THEY HAD NOT BEEN APPOINTED DEPUTY MINISTERS OR POLITICAL AUTHORITIES.

6. SHE ALSO RESPONDED TO A CP CRITICISM THAT HER PROROGATION OF THE NATIONAL STATE ASSEMBLY THREATENED THE PASSAGE OF BANK NATIONALIZATION AND TEMPLE LANDS TAKEOVER BILLS. SAYING THAT THOSE BILLS WOULD BE PASSED WHEN THE NSA MET FOR TWO DAYS IN MAY,

"UNLESS THE CP AND THEIR NEW-FOUND FRIENDS IN THE
OPPOSITION DECIDE TO CREATE PROCEDURAL ARGUMENTS AND
ARE DETERMINED TO DELAY AND OBSTRUCT THESE TWO
PROGRESSIVE LAWS," SHE APPEARED TO BE ADMITTING THAT
THE OPPOSITION COULD PREVENT PASSAGE IF THEY SO
DESIRE.

7. FULL TEXT OF INTERVIEW HAS BEEN POUCHED TO
NEA/INS.
REED

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Message Attributes

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